IT PROJECT EVALUATION

Project Tracking No.: E-009-FY03-ITD

Return on Investment Program Funding Application (FY 2003 Request)

This is an electronic template. Please enter your responses on this document. Only electronic submittals of this template will be accepted. Proposals submitted after the designated due date may not receive funding consideration.
FINAL AUDIT REQUIRED: The Enterprise Quality Assurance Office of the Information Technology Department is required to perform a final project outcome audit, after implementation, for all Pooled Technology funded projects.

SECTION I: PROPOSAL

Date: July 15,2001

Agency Name: Information Tcenhology Department

Project Name:

Expenditure Name: Ongoing Operating Expenses

Agency Manager: Russ Rozinek

Agency Manager Phone Number / E-mail: Russ.Rozinek@ITD.state.ia.us

Executive Sponsor (Agency Director or Designee): Richard Varn

Request For ROI Application Waiver:

Agencies are required to complete this funding application when requesting funds for any project, any IT expenditure costing over $100,000, or any non-routine IT expenditure. If you feel there is compelling reason to waive this requirement, please provide (in the box provided below) a brief description of the project or expenditure, the budget amount, and a rationale for the waiver request. Until a decision is made regarding your waiver request, it is not necessary to complete any other portion of this application. The ITD Enterprise Quality Assurance Office will convey waiver request decisions within five working days of receipt.

Explanation:

A. Project or Expenditure Rationale

Is this project or expenditure necessary for compliance with a Federal standard, initiative, or statute? ☒ **YES** (If "YES," explain) ☐ **NO**

Explanation: Customary and exceptional IT operating expenditures are necessary for the Information Technology Department to adequately provide necessary services to our customers.

Is this project or expenditure required by State statute? ☒ **YES** (If "YES," explain) ☐ **NO**

Explanation: Customary and exceptional IT operating expenditures are necessary for the Information Technology Department to adequately provide necessary services to our customers.

Does this project or expenditure meet a health, safety or security requirement?
☒ **YES** (If "YES," explain) ☐ **NO**

Explanation: Customary and exceptional IT operating expenditures are necessary for theInformation Technology Department to adequately provide necessary services to our customers.

Is this project or expenditure necessary for compliance with an enterprise technology standard?
☒ **YES** (If "YES," explain) ☐ **NO**

Explanation: Customary and exceptionalroutine IT operating expenditures are necessary for theInformation Technology Department to adequately provide necessary services to our customers.

Is this project or expenditure consistent with meeting the goals and objectives of the State's strategic plans?
☒ **YES** (If "YES," explain) ☐ **NO**

Explanation: Customary and exceptional IT operating expenditures are necessary for theInformation Technology Department to adequately provide necessary services to our customers.

Is this a "research and development" project or expenditure? ☐ **YES** (If "YES," explain) ☒ **NO**

Explanation:

B. Project or Expenditure Summary

1. Provide a pre-project or pre-expenditure (before implementation) and a post-project or post-expenditure (after implementation) description of the impacted system or process. In particular, note if the project or expenditure makes use of information technology in reengineering traditional government processes.

Response: The Information Technology Department will spend approximately $13.0M in FY03 for customary and exceptional IT expenditures necessary to carry out our mission and support our customers. The following eight broad categories and funding amounts show where the Information Technology Department will operationally allocate resources to provide these services.

1) Data Communications - $1.11M expenditure for Campus Backbone, interstate and intrastate data communication line expenditures, infrastructure hardware maintenance, outside contractors for installation of lines, and electronic parts related to remodeling and normal replacement.
1i) Consultants - $675K historically used for projects related to data communications, such as wiring, cabling at various ITD supported locations. Primarily used to hire outside vendors to lay cable as adjunct to ITD staff on large projects or to do specialized tasks.

2) Host Operations - $4.11M expenditure to maintain an environment capable of supporting large scale applications, storing large data sets, and accessed simultaneously by many users.
i) IBM CPU Lease, $2.8M for the central processing unit at the Hooveer Building (a leased IBM 9672-R55).
ii) Storage Technology Corp., Maintenance, $585K for maintenance on host attached devices such as DASD of over 1080 gigabytes, $461K for Xerox printers, communication processors and controllers, and $230K for printer forms and paper.

3) Application Software Maintenance - $2.4M expenditure for mainframe systems software products to support our users core business and our mainframe computer systems (does not include enterprise license costs)
i) GroupSystems - $166K for support for support of our online meeting management and participation software.
ii) Distributed systems support software - $50K

4) New Purchases - $1.66M expenditure for new hardware (including PCs) and software

5) Education & Training - $103K for continuing education and certification of ITD personnel. Courses have included mainframe systems software e.g., SMP/E, CICS, MQ, DB2 and Group 1, distributed/network systems and software e.g, HACMP, XML, DB2, Java, and specialized training on back up equipment, firewalls, routers, etc.

6) Server Farm - $782K for equipment, support and upgrade of our server farm equipment, hardware, software and support Consultants

7) Other Consulting - $109K

8) Facilities - $240K

2. Summarize the extent to which the project or expenditure improves customer service to Iowa citizens or within State government. Included would be such items as improving the quality of life, reducing the government hassle factor, providing enhanced services, improving work processes, etc.

Response: The expenditures described in 'B. Project Expenditure Summary' reflect ITD's operational expenditures to support the divisions commitment to provide services directly to the public and other Divisions and Agency within State Government.

3. Identify the main project or expenditure stakeholders and summarize the extent to which each, especially citizens, is impacted. In particular, note if the project or expenditure helps reconnect Iowans to State government.

Response: Routine IT operational expenditures directly affect all customers of ITD services. These include Court and prison systems, State departments and agencies; Health and Human Services, Revenue and Finance, Licensing Boards, Educational Institutions, State employees, Citizens of Iowa, Legislature, Tourist, Law Enforcement, etc.

SECTION II: PROJECT ADMINISTRATION

A. Agency Information

1. Project Executive Sponsor Responsibilities: The sponsor must have the authority to ensure that adequate resources are available for the entire project, that there is commitment and support for the project, and that the organization will achieve successful project implementation.

Response: No response required.

2. Organization Skills:
   a. List the project management skills necessary for successful project implementation
   b. List the project management skills available within the agency
   c. List the source(s) of project management skills lacking within the agency
   d. Summarize relevant agency project management experience and results

Response: NA - routine operations costs

B. Project Information

1. History:
   a. Is this project the first part of a future, larger project? If so, please explain.
   b. Is this project a continuation of a previously begun project? If so, please explain project history, current status, and results.

Response: NA - routine operations costs

2. Expectations: Describe the primary purpose or reason for the project.

Response: NA - routine operations costs

3. Measures: Describe the criteria that will be used to determine if the project is successful.

Response: NA - routine operations costs

4. Environment: List the project participants (i.e. single agency, multiple agencies, State government enterprise, citizens, associations, or businesses, etc.).

Response: NA - routine operations costs

5. Risk: Describe the project risks which may be internal or external to State government, i.e. implementing versus not implementing project, changing technology, potential cost overruns, changing citizen demand or need, etc.

Response: NA - routine operations costs

6. Security / Data Integrity / Data Accuracy / Information Privacy
   a. List the security requirements of the project
   b. Describe how the security requirements will be integrated into the project and tested
   c. Describe what measures will be taken to insure data integrity, data accuracy and information privacy.

Response: NA - routine operations costs

7. Project Schedule
   Describe general time lines, resources, tasks, checkpoints, deliverables, responsible parties, etc.

Response: NA - routine operations costs

SECTION III: TECHNOLOGY **(In written detail, describe the following)**

A. Current Technology Environment

1. Software (Client Side / Server Side / Midrange / Mainframe):
   a. Application software
   b. Operating system software
   c. Major interfaces to other systems, both internal and external

Response: NA - routine operations costs

2. Hardware (Client Side / Server Side / Mid-range / Mainframe):
   a. Platform, operating system
   b. Storage and physical environment
   c. Connectivity and bandwidth
   d. Logical and physical connectivity
   e. Major interfaces to other systems, both internal and external

Response: NA - routine operations costs

B. Proposed Technology Environment

1. Software (Client Side / Server side / Mid-range / Mainframe)
   a. Application software
   b. Operating system software
   c. Major interfaces to other systems, both internal and external
   d. General parameters if specific parameters are unknown or to be determined

Response: NA - routine operations costs

2. Hardware (Client Side / Server Side / Mid-range / Mainframe)
   a. Platform, operating system
   b. Storage and physical environment
   c. Connectivity and Bandwidth
   d. Logical and physical connectivity
   e. Major interfaces to other systems, both internal and external
   f. General parameters if specific parameters are unknown or to be determined

Response: NA - routine operations costs

C. Data Elements

If the project creates a new database, provide a description of the data elements.

Response: NA - routine operations costs

SECTION IV: Financial Analysis

A. Budget: Enter figures and calculate (see formula below) Total Annual Prorated Cost (State Share).

$$\left[\left(\frac{Budget\ Amount}{Useful\ Life}\right)\times \%\ State\ Share\right]+\left(Annual\ Ongoing\ Cost\times \%\ State\ Share\right)=Annual\ \Pr orated\ Cost$$

Budget Line Items	Budget Amount (Annual expense)	Useful Life (Years)	% State Share	Annual Ongoing Cost (After 1st Year)	% State Share	Annual Prorated Cost
Agency Staff	$?????	1	100%	$0	100%	$0
Software	$ 3.07M	4	100%	$ .768K	100%	$0
Hardware	$ 5.9M	3	100%	$ 1.96M	100%	$0
Training	$ .103K	4	100%	$ .0258K	100%	$0
Facilities	$ .024K	1	100%	$ .024K	100%	$ .024K
Professional Services	$ 1.08M	4	100%	$ .270K	100%	$ .270K
ITD Services	$ 0	4	0%	$0	0%	$0
Supplies, Maint, etc.	$ 2.57M	1	100%	$ 2.57M	100%	$ 2.57M
Other (Specify)	$0	1	0%	$0	0%	$0
Totals	$ 12.96M	-------	-------	$ 5.624M	------	$ 5.624M

Transfer this amount to the ROI Financial Worksheet, item "D" on page 11.

B. Funding: Enter data or provide response as requested

1. This is (pick one):
   - ☐ A Pooled Technology Fund or Reengineering Fund Request
   - **X** An Agency IT Expenditure or Budget Request (General Fund, Road Funds, etc)
   - ☐ Other – Specify:

2. On a fiscal year basis, enter the estimated cost by funding source?

	FY03		FY04		FY05	
	Cost ($)	% Total Cost	Cost ($)	% Total Cost	Cost ($)	% Total Cost
State General Fund	$	%	$	%	$	%
Pooled Tech. Fund	$	%	$	%	$	%
Federal Funds	$	%	$	%	$	%
Local Gov. Funds	$	%	$	%	$	%
Grant or Private Funds	$	%	$	%	$	%
Other Funds (Specify)	$	100%	$	100%	$	100%
Total Project Cost	$	100%	$	100%	$	100%

If applicable, summarize prior fiscal year funding experience for the project / expenditure.

Response: Routine expense critical for ITD operations

1. On a fiscal year basis, how much of the total ($ amount and %) project / expenditure cost would be absorbed by your agency from normal operating budgets (all funding sources)?

Response: Routine expense critical for ITD operations

2. Identify, list, and quantify all new annual ongoing (maintenance, staffing, etc.) related costs (State $s) that will be incurred after implementation or expenditure.

Response: Routine expense critical for ITD operations

C. ROI Financial Worksheet: Respond to the following and transfer data to the ROI Financial Worksheet (see IVC11) as necessary:

1. Annual Pre-Project Cost – Quantify all actual state government direct and indirect costs (personnel, support, equipment, etc.) associated with the activity, system or process prior to project implementation. This section should be completed only if state government operations costs are expected to be reduced as a result of project implementation.

Response: Routine expense critical for ITD operations

2. Annual Post-Project Cost – Quantify all estimated State government direct and indirect costs associated with activity, system or process after project implementation. This section should be completed only if State government operations costs are expected to be reduced as a result of project implementation.

Response: Routine expense critical for ITD operations

3. State Government Benefit -- Subtract the total "Annual Post-Project Cost" from the total "Annual Pre-Project Cost." This section should be completed only if State government operations costs are expected to be reduced as a result of project implementation.

Response: Routine expense critical for ITD operations

4. Citizen Benefit – Quantify the estimated annual value of the project to Iowa citizens**.** This includes the "hard cost" value of avoiding expenses ("hidden taxes") related to conducting business with State government. These expenses may be of a personal or business nature. They could be related to transportation, the time expended on or waiting for the manual processing of governmental paperwork such as licenses or applications, taking time off work, mailing, or other similar expenses. As a "rule of thumb," use a value of $10 per hour for citizen time savings and $.325 per mile for travel cost savings.

Response: Routine expense critical for ITD operations

5. Opportunity Value/Risk or Loss Avoidance Benefit – Quantify the estimated annual non-operations benefit to State government. This could include such items as qualifying for additional matching funds, avoiding the loss of matching funds, avoiding program penalties/sanctions or interest charges, avoiding risks to health/security/safety, avoiding the consequences of not complying with State or federal laws, providing enhanced services, avoiding the consequences of not complying with enterprise technology standards, etc.

Response: Routine expense critical for ITD operations

6. Total Annual Project Benefit -- Add the values of all annual benefit categories.

Response: Routine expense critical for ITD operations

7. Total Annual Project Cost – It is necessary to estimate and assign a useful life figure to each cost identified in the project budget. Useful life is the amount of time that project related equipment, products, or services are utilized before they are updated or replaced. In general, the useful life of hardware is three (3) years and the useful life of software is four (4) years. Depending upon the nature of the expense, the useful life for other project costs will vary between one (1) and four (4) years. On an exception basis, the useful life of individual project elements or the project as a whole may exceed four (4) years. Additionally, the ROI calculation must include all new annual ongoing costs that are project related. Completing Section IV-A, Project Budget of the evaluation document will provide all the necessary information for this item.

Response:	Routine expense critical for ITD operations

8. Benefit / Cost Ratio – Divide the "Total Annual Project Benefit" by the "Total Annual Project Cost." If the resulting figure is greater than one (1.00), then the annual project benefits exceed the annual project cost. If the resulting figure is less than one (1.00), then the annual project benefits are less than the annual project cost.

Response:	Routine expense critical for ITD operations

9. ROI -- Subtract the "Total Annual Project Cost" from the "Total Annual Project Benefit" and divide by the amount of the requested State IT project funds.

Response:	Routine expense critical for ITD operations

10. Benefits Not Readily Quantifiable -- List the project benefits which are not readily quantifiable (i.e. IT innovation, unique system application, utilization of new technology, hidden taxes, improving the quality of life, reducing the government hassle factor, meeting a strategic goal, etc.). Rate the importance of these benefits on a "1 – 10" basis, with "10" being of highest importance. Check the "Benefits Not Readily Quantifiable" box in the applicable row.

Response:	Routine expense critical for ITD operations

11. ROI Financial Worksheet

Annual Pre-Project Cost - How You Perform The Function(s) Now	
FTE Cost (salary plus benefits):	$
Support Cost (i.e. office supplies, telephone, pagers, travel, etc.):	$
Other Cost (expense items other than FTEs & support costs, i.e. indirect costs if applicable, etc.):	$
A. Total Annual Pre-Project Cost:	$
Annual Post-Project Cost – How You Propose to Perform the Function(s)	
FTE Cost:	$
Support Cost (i.e. office supplies, telephone, pagers, travel, etc.):	$
Other Cost (expense items other than FTEs & support costs, i.e. indirect costs if applicable, etc.):	$
B. Total Annual Post-Project Cost:	$
State Government Benefit (= A-B):	$
Annual Benefit Summary	
State Government Benefit:	$
Citizen Benefit:	$
Opportunity Value or Risk/Loss Avoidance Benefit:	$
C. Total Annual Project Benefit:	$
D. Annual Prorated Cost (SECTION IV-A):	$ 5.624M
Benefit / Cost Ratio: (C / D) =	
Return On Investment (ROI): (C – D / Requested Project Funds) x 100 =	**%**
☒ **Benefits Not Readily Quantifiable**	

Section V: ITC Project Evaluation Criteria

Criteria and Location in Project Evaluation Document		Points
1.	Is the project a statutory requirement; legal requirement; federal or state mandate; health, safety or security requirement or issue; and/or required for compliance with the enterprise technology standards? **Location: Section I-A**	**15**
2.	Will the project improve customer service? **Location: Section I-B.2**	**15**
3.	Does the project have a direct impact on citizens? To what extent does the project help reconnect state government with Iowans? **Location: Section I-B.3**	**10**
4.	Does the project provide a sufficient tangible and/or intangible return on investment? Will it generate savings or income? **Location: Section IV-C**	**10**
5.	Does the project make use of information technology and its practical application in reengineering traditional government processes consistent with the goals and objectives of the state's strategic plans? **Location: Section I-B.1**	**10**
6.	Risk: What are the risks associated with the project? Such risks may include those internal and external to state government, the risk of doing a project, the risk of not doing a project, and the risks associated with changing technologies, potential cost overruns, and changing citizen demands and needs. **Location: Section II-B.5**	**10**
7.	Is this funding required to continue a project that was begun prior to the year funding is being requested for and does it have proven past performance? Is the funding part of a multi-year strategy? **Location: Section II-B1, IVB2**	**10**
8.	Will the project be for only one agency, multiple agencies, or the state government enterprise? **Location: Section I-B3, IIB4**	**10**
9.	Has the applicant maximized their own and other resources in the project? Is alternative funding unavailable for this project? (If no other funding available, project will not be completed without Pooled Technology funding) **Location: Section IV-B.2, IV-B.3**	**5**
10.	What is the credibility of the requester based on past performance on other projects? **Location: Section II-A.2.d**	**5**
	Total	**100**